ISAG
Investment Strategists
Association of Geneva

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Swiss fund body: this is no time for frontier market fever

By Chris Sloley on 10 February 2015

The current furore over frontier markets has failed to sway leading fund managers and strategists in Switzerland, who believe it is not time to focus attention on this sector. That is according to a poll carried out at by the Investment Strategist Association of Geneva.

The trade body, known as ISAG, comprises 20 members spanning fund selectors, private bankers, fund managers and other leading individuals.

In its January meeting, the group was polled on whether developed market actions – notably central bank stimulus, the unpegging of the Swiss franc and the Greek election – called for alternative measures.

When asked if it was time to concentrate more closely on opportunities arising in frontier markets, 89% of those in attendance said no. This is while 11% said it was the correct time to do so.

This result reflected a cautious stance adopted by the majority of members. When asked about asset allocation within a balanced portfolio, the consensus among the fund body was neutral to emerging markets, Japanese and European equities.

On the whole, the majority of investors said they were currently overweight equities but this was largely in US equity. Conversely, the majority said they were currently underweight government bonds and commodities.

On topical questions, ISAG members were also asked whether there was a likelihood of a Greek exit from the eurozone in the coming year. The response was a resounding no, with 100% of respondents stating it would not happen.

Focusing more closely on their domestic market, investors were asked about the Swiss franc/euro exchange rate. Here 56% said they thought the EUR/CHF rate would sit at under 0.9 in the next three months, while 33% said it would not. Eleven per cent did not answer.